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VILLAGE OF SICILY ISLAND, LOUISIANA**General Purpose Financial Statements
With Independent Auditors' Report
As of and for the Year Ended June 30, 2003
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-24-03

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SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

POST OFFICE BOX 478
HARRISBURG, LOUISIANA 70804

SWITZER & HOPKINS, CPAs
A DIV OF SWITZER, HOPKINS &
MANGE, LLP
HARRISBURG, LOUISIANA 70804

THE MEMPHIS AIR TRANSPORTATION
SYSTEMS AUTHORITY HAS
PREPARED THIS FORM
AND SUBMITTED IT
TO SWITZER & HOPKINS, CPAs

INDEPENDENT AUDITORS' REPORT

Honorable Art Gaudin, Mayor
and Members of the Board of Aldermen
Sicily Island, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Sicily Island, Louisiana as of June 30, 2003 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Sicily Island, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Sicily Island, Louisiana, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the years ended June 30, 2003 and 2002 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2003 on our consideration of the Village of Sicily Island, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Honorable Art Guade, Mayor
And Members of the Board of Aldermen
Page Two

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Village of Sicily Island, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Ferrybay, Louisiana
September 28, 2003

Switzky Hopkins & Menz

VILLAGE OF SHELBY ISLAND, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

ASSETS

	Governmental Fund Type General	Proprietary Fund Type Enterprise	General Fund Assets	Totals (Miscellaneous Only) 2003
Cash	\$ 110,280	\$ 44,507	\$ -	\$ 154,787
Receivables (Net of allowance for uncollectibles \$4,270)	14,884	12,408	-	27,292
Accrued interest receivable	-	412	-	412
Due from other governments	4,080	-	-	4,080
Restricted assets	-	-	-	-
Check and certificates of deposit	-	76,154	-	76,154
Utility Plant and equipment (net - Note 3)	-	1,271,649	-	1,271,649
General fund assets	-	-	254,700	254,700
Total Assets	\$ 129,164	\$ 1,394,718	\$ 254,700	\$ 1,818,582

The following notes are an integral part of these financial statements.

VILLAGE OF MICHELLE ISLAND, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	General	Proprietary Fund Enterprise	General Fund Assets	Totals (Nonsecuritized Only) 2003	2002
LIABILITIES AND OTHER EQUITY					
Liabilities					
Accounts payable	\$ 6,895	\$ 17,925	\$ -	\$ 24,820	\$ 13,190
Payable from restricted assets	-	24,261	-	24,261	26,500
Customer deposits	-	11,826	-	11,826	11,998
Accrued interest	-	202,286	-	202,286	270,000
Revenue bonds payable (Note 3)	-	-	-	-	-
Total Liabilities	\$ 6,895	\$ 355,298	\$ -	\$ 362,193	\$ 321,688
Fund Equity					
Contributed capital	-	2,668,253	-	2,668,253	2,668,150
Investment in General Fund Assets	-	-	294,170	-	293,468
Restricted Earnings	-	-	-	-	-
Reserved for debt service	-	42,388	-	42,388	50,496
Reserved for contingencies	-	7,219	-	7,219	7,578
Unreserved (deficit)	-	(836,883)	-	(836,883)	(823,604)
Fund Balances	\$ 174,372	\$ -	\$ -	\$ 174,372	\$ 175,526
Total Fund Equity	\$ 174,372	\$ 1,837,223	\$ 294,170	\$ 2,305,765	\$ 2,168,138
Total Liabilities and Fund Equity	\$ 1,852,267	\$ 1,912,521	\$ 294,170	\$ 3,458,958	\$ 3,313,372

The following notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003

	General	Capital Projects	(Memorandum Only)	
			2003	2002
Revenues:				
Taxes	\$ 11,174	\$ -	\$ 11,174	\$ 11,813
Licenses and permits	15,496	-	15,496	15,314
Intergovernmental	87,086	-	87,086	177,797
Charges for services	13,773	-	13,773	14,894
Fees	55,481	-	55,481	56,499
Miscellaneous	30,387	-	30,387	11,750
Total revenues	<u>213,397</u>	<u>-</u>	<u>213,397</u>	<u>291,267</u>
Expenditures:				
General government	118,694	-	118,694	127,289
Public safety-				
Police	109,736	-	109,736	74,787
Fire	3,838	-	3,838	14,818
Sanitation	23,691	-	23,691	18,370
Capital outlay	-	-	-	85,315
Total expenditures	<u>255,959</u>	<u>-</u>	<u>255,959</u>	<u>290,499</u>
Excess of revenues (under)				
expenditures	(42,562)	-	(42,562)	(4,636)
Other financing sources:				
Transfers in	35,495	-	35,495	37,955
Excess of revenues and other				
sources over expenditures	<u>4,933</u>	<u>-</u>	<u>4,933</u>	<u>2,319</u>
Fund balances, beginning	<u>175,588</u>	<u>-</u>	<u>175,588</u>	<u>167,149</u>
Fund balances, ending	<u>\$ 175,571</u>	<u>\$ -</u>	<u>\$ 175,571</u>	<u>\$ 175,588</u>

The following notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable - (Unfavorable)</u>
Revenues:			
Taxes	\$ 11,500	\$ 11,174	\$ (326)
Licenses and permits	14,100	15,496	1,396
Intergovernmental revenues	61,000	87,306	26,306
Charges for services	15,419	15,772	353
Fines and forfeitures	65,000	55,461	(9,539)
Miscellaneous	4,000	86,287	82,287
Total revenues	<u>170,019</u>	<u>251,596</u>	<u>81,577</u>
Expenditures:			
General government	110,320	108,684	1,636
Public safety -			
Police	97,413	109,796	(12,383)
Fire	6,190	3,508	2,682
Maintenance	18,930	23,691	(4,761)
Total expenditures	<u>232,853</u>	<u>242,079</u>	<u>9,226</u>
Excess of revenues (under) expenditures	<u>(72,834)</u>	<u>(71,483)</u>	<u>1,351</u>
Other financing sources:			
Transfers in	80,000	16,476	(63,524)
Excess of revenues and other sources over expenditures	<u>7,166</u>	<u>(55,607)</u>	<u>(62,773)</u>
Fund balances, beginning	<u>178,500</u>	<u>178,500</u>	<u>-</u>
Fund balances, ending	<u>\$ 175,666</u>	<u>\$ 172,893</u>	<u>\$ (2,773)</u>

The following notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	(Memorandum Only) <u>2002</u>
Operating revenues:		
Charges for services	\$ 218,960	\$ 209,039
Operating expenses:		
Personal services	69,123	68,389
Natural gas purchases	76,620	62,815
Materials and supplies	21,238	16,345
Repairs and maintenance	11,316	13,878
Utilities and telephone	17,899	15,689
Insurance	15,164	6,383
Depreciation	69,338	78,599
Other operating expenses	<u>30,447</u>	<u>15,679</u>
Total operating expenses	<u>381,137</u>	<u>297,687</u>
Operating income (loss)	(62,177)	11,352
Nonoperating revenues (expenses):		
Interest income	3,624	5,123
Interest expense	<u>(14,165)</u>	<u>(14,577)</u>
Total nonoperating revenues (expenses)	<u>(10,541)</u>	<u>(9,454)</u>
Net income (loss) before operating transfers	(72,694)	1,897
Operating transfers (out)	<u>(25,496)</u>	<u>(37,389)</u>
Net (loss)	(98,190)	(35,492)
Retained earnings, beginning of year (deficit)	<u>(367,648)</u>	<u>(338,681)</u>
Retained earnings, end of year (deficit)	\$ <u>(465,830)</u>	\$ <u>(374,173)</u>

The following notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002

	2002	Only 2001
Cash flows from operating activities:		
Cash received from customers	\$ 234,294	\$ 271,264
Cash paid employees	(65,123)	(55,985)
Cash paid to suppliers	<u>(125,512)</u>	<u>(175,825)</u>
Net cash provided by operating activities	<u>43,659</u>	<u>40,454</u>
Cash flows from non-capital financing activities:		
Operating transfers (to) other funds	(36,494)	(37,369)
(Decrease) increase in customer deposits	<u>1,481</u>	<u>(1,835)</u>
Net cash provided by noncapital financing activities	<u>(35,013)</u>	<u>(39,204)</u>
Cash flows from financing activities:		
Acquisition of capital assets	-	(18,208)
Principal paid on revenue bonds	(8,000)	(8,000)
Interest paid on revenue bonds	<u>(14,500)</u>	<u>(14,500)</u>
Net cash used by financing activities	<u>(22,500)</u>	<u>(40,713)</u>
Cash flows from investing activities:		
Interest income	<u>5,873</u>	<u>5,144</u>
Net increase (decrease) in cash and cash equivalents	(41,631)	11,676
Cash - beginning of year	<u>185,098</u>	<u>173,422</u>
Cash - end of year	\$ 143,467	\$ 185,098
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (income) (loss)	(82,549)	15,686
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	69,328	70,999
Changes in assets and liabilities:		
Decrease in accounts receivable	388	1,685
Increase (decrease) in accounts payable	<u>12,732</u>	<u>(1,685)</u>
Net cash provided by operating activities	\$ 1,211	\$ 85,995

The following notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

INTRODUCTION

1. The Village of Sicily Island, Louisiana was incorporated under provisions of the Louisiana Act as a Village August 11, 1955.
2. The purpose of the municipality is to provide utility services, public safety (police and fire), streets, sanitation and general administrative services.
3. The Board of Aldermen consists of three elective members and they are paid \$354 per month.
4. The Town is located in the northeastern portion of Catahoula Parish, Louisiana. Catahoula Parish is located in Northeast Louisiana.
5. The population of Sicily Island, Louisiana is 455 persons.
6. The Village of Sicily Island, Louisiana has nine full time employees.
7. The Village of Sicily Island, Louisiana has approximately 340 utility customers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Village of Sicily Island, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of Sicily Island, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village of Sicily Island, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the municipality to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefit to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Village of Sicily Island, Louisiana (the primary government) and its component units. There are no component units included in the accompanying financial statements as either blended with the municipality funds or discretely presented.

C. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follows:

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. **General Fund** – the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. **Enterprise funds**—account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

General Fixed Assets

The accounting and reporting treatment applied to the property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The Town has decided to not capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement basis, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used in the proprietary fund is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Gas lines, Sewer lines and water plant	40 years
Vehicles and equipment	3 to 8 years

All fixed assets are stated at historical cost.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement basis applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred. Bad debts are recognized when they become uncollectable.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Village prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The Town approves a budget for the general fund and capital projects funds.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. INVENTORIES

Inventories of material and supplies are valued at lower of cost or market.

G. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. RESTRICTED ASSETS

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants as listed in Note 4.

I. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been represented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

J. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements – overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

L. ENCUMBRANCES

The Village of Sicily Island does not use encumbrance accounting.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 – RECEIVABLES

The following is a summary of receivables for June 30, 2003:

	General Fund	Proprietary Fund
Rehabilitation grant	\$ 20,967	\$ -
Fines	6,769	-
Garbage and fire fees	1,148	-
Utility fees	-	17,900
Less allowance for bad debts	-	(5,278)
	<u>\$ 28,884</u>	<u>\$ 12,430</u>

NOTE 3 – RESTRICTED ASSETS

Certain assets are restricted for debt service, construction and customer deposits. These assets consist of the following as of June 30, 2003:

	Proprietary Fund
Customer deposits	\$ 28,381
Depreciation fund	8,120
Reserve fund	18,333
Sinking fund	<u>23,120</u>
Total	<u>\$ 78,154</u>

NOTE 4 – CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP

	Balance 6/30/2002	Additions	Deletions	Balance 6/30/2003
Land and Buildings	\$ 65,885	\$ -	\$ -	\$ 65,885
Equipment	<u>226,583</u>	<u>24,000</u>	<u>(21,678)</u>	<u>228,905</u>
Total	<u>\$ 292,468</u>	<u>\$ 24,000</u>	<u>\$ (21,678)</u>	<u>\$ 294,790</u>

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 5 - PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment at June 30, 2003 follows:

Sewer system and equipment	\$ 1,507,734
Gas system and equipment	202,388
Water system and equipment	<u>703,885</u>
Total	2,491,217
Less: accumulated depreciation	<u>(713,568)</u>
Net	<u>\$ 1,777,649</u>

NOTE 6 - CASH AND INVESTMENTS

At year-end the carrying amount of the Village's deposits (checking and savings accounts) was \$ 291,964 and the bank's balance was \$302,667. Of the bank balance, \$200,000 was covered by federal depository insurance and \$102,667 was covered by collateral held by its agent in the Village's name.

NOTE 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Village of Sicily Island for the year ended June 30, 2003:

Revenue bonds payable at June 30, 2002	\$ 290,000
Principal retirement during the year	<u>(8,000)</u>
Revenue bonds payable at June 30, 2003	<u>\$ 282,000</u>

Bonds payable as of June 30, 2003 are as follows:

\$290,000 Sewer Revenue Bonds due in annual installments of \$8,000 in \$28,000 through September 2021 with 5% interest	<u>\$ 282,000</u>
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VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 7 – CHANGES IN LONG-TERM DEBT – continued

The annual requirements to amortize all debt outstanding as of June 30, 2002 are as follows:

Fiscal year ending <u>June 30</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 9,000	\$ 14,100	\$ 23,100
2004	9,000	13,650	22,650
2005	10,000	13,200	23,200
2006	10,000	12,700	22,700
2007	11,000	12,200	23,200
2008-2012	<u>235,000</u>	<u>98,150</u>	<u>333,150</u>
Total	<u>\$ 282,000</u>	<u>\$ 164,000</u>	<u>\$ 446,000</u>

Bond Indenture Restrictions

All of the income and revenue of the Sewer System shall be deposited as collected into the Sewer Revenue Fund and shall be established, maintained and administered in the following order of priority, and for the following purposes:

1. The payment of all reasonable and necessary expenses of operating and maintaining the System.
 1. The establishment of a Revenue Bond and Interest Sinking Fund sufficient to pay the principal and interest on the bonds as they come due, by transferring from the Revenue Fund to the Sinking fund on or before the 15th of each month, 1/6 of the amount of interest falling due on the next succeeding interest payment date, and 1/12 of the amount of principal falling due on the next succeeding date on which principal is payable. The Village is in compliance with this covenant.
2. The establishment of a Sewer Reserve Fund by transferring five percent (5%) of the amount transferred to the Bond and Interest Sinking Fund to said fund until such time as there has been accumulated in said reserve fund an amount of money equal to the highest combined principal and interest requirements for any succeeding twelve (12) month period. The Village has \$18,353 in the Sewer Reserve Fund and needs \$23,100 to be in compliance. The Village is not in compliance with this covenant.
3. The establishment and maintenance of a "Sewer Depreciation and Contingency Fund" to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly by transferring to said fund the sum of \$97.00 per month. These transfers are to commence upon completion of the system. The Village is in compliance with this covenant.

VILLAGE OF SICILY ISLAND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 8 – PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and payable by June 15, of the following year. The Catahoula Parish Assessor prepares a list of property taxes due the Village, but the Village is responsible for billings and collections. The Village's total millage is 8.00 mills general all-mayor tax, and the total assessment is \$8,835.

NOTE 9 – RETIREMENT COMMITMENTS

The Village of Sicily Island employees are all members of the social security system, and are members of no other retirement plan. The expense of the social security is reflected in payroll taxes in the various statements of income.

SECTION II
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS
AND OTHER SUPPLEMENTARY INFORMATION SCHEDULES

GENERAL FUND

To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

VILLAGE OF SIXTLY ISLAND, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2003 AND 2002

		Measurement Only 2003
	2002	
<u>ASSETS</u>		
Cash	\$ 149,255	\$ 138,881
Receivables	18,884	34,739
Accrued interest receivable	-	298
Due from other governments	<u>4,086</u>	<u>3,517</u>
Total Assets	<u>172,125</u>	<u>177,435</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>Liabilities</u>		
Accounts payable	<u>6,893</u>	<u>8,927</u>
<u>Fund Balances</u>		
Unreserved - undesignated	<u>175,232</u>	<u>170,298</u>
Total Liabilities and Fund Balance	<u>\$ 182,125</u>	<u>\$ 179,425</u>

The following pages are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance – All Governmental Fund Types
For the Years ended June 30, 2003 and 2002

		Memorandum Only 2002
	2003	2002
<u>REVENUES</u>		
Taxes		
All others	\$ 9,477	\$ 7,440
Franchise	1,697	6,691
Licenses and permits	12,496	19,216
Intergovernmental revenues		
Tobacco and beer taxes	1,608	1,607
Parish garbage taxes	32,224	36,684
Parish road taxes	6,698	12,238
State fire insurance rebate	4,787	4,293
Federal funds - grants	25,609	21,445
State funds - grants	14,789	4,683
Fees, charges and commissions for services		
Garbage collection fees	5,793	5,184
Fire department fees	8,881	8,818
Fines and forfeitures	55,441	56,489
Interest income	1,686	4,316
Other	<u>47,811</u>	<u>7,484</u>
Total revenues	<u>232,217</u>	<u>187,683</u>
<u>EXPENDITURES</u>		
General government	118,684	137,299
Public safety		
Police	189,796	74,787
Fire	1,528	16,819
Sanitation	<u>31,851</u>	<u>18,711</u>
Total expenditures	<u>241,959</u>	<u>242,817</u>
(Deficiency) of revenues over expenditures	(21,622)	(24,624)
Other financing sources:		
Transfers in	<u>26,196</u>	<u>27,283</u>
Excess of revenues and other sources over expenditures	4,574	1,259
Fund Balance at Beginning of Year	<u>178,588</u>	<u>167,149</u>
Fund Balance at End of Year	<u>\$ 179,172</u>	<u>\$ 178,608</u>

The following notes are an integral part of these financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA
General Fund
Comparative Schedule of Expenditures
For the Year Ended June 30, 2003

	2002	Memorandum Only 2002
General government:		
Personal services	\$ 8,747	\$ 26,667
Material and supplies	4,061	3,888
Professional and other fees	18,883	23,553
Insurance	12,440	17,264
Utilities and telephone	8,437	14,873
Addressed salary	19,932	19,832
Other services and charges	44,694	12,861
Capital outlay	-	19,856
	<u>138,694</u>	<u>255,292</u>
Public safety:		
Police		
Personal services	67,577	58,671
Material and supplies	4,388	4,142
Professional and other fees	3,434	3,671
Insurance	1,762	3,688
Utilities and telephone	4,839	4,938
Vehicle expenses	4,791	6,283
Other services and charges	-	1,874
Capital outlay	14,063	-
	<u>109,754</u>	<u>137,387</u>
Fire		
Personal services	3,814	3,688
Material and supplies	284	1,284
Repairs	-	4,359
Other services and charges	240	159
Capital outlay	-	3,450
	<u>3,538</u>	<u>12,930</u>
Sanitation		
Personal services	16,048	12,832
Material and supplies	6,725	3,339
Repairs and maintenance	178	458
	<u>22,951</u>	<u>16,629</u>
Total expenditures	<u>\$ 284,946</u>	<u>\$ 521,217</u>

The following notes are an integral part of these financial statements.

**PROPRIETARY FUND TYPE
ENTERPRISE FUNDS**

Sewer Revenue Fund -	To account for the provision of sewer services to the residents of the Village and some residents of the Parish.
Gas Revenue Fund -	To account for the provision of gas services to the residents of the Village and some residents of the Parish.
Water Revenue Fund -	To account for the provision of water services to residents of the Village of Stilly Island. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF SICILY ISLAND, LOUISIANA
ENTERPRISE FUND
COMBINING BALANCE SHEET
JUNE 30, 2003

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
ASSETS				
Current Assets				
Cash	\$ 1,874	\$ 649	\$ 61,392	\$ 64,005
Receivables (Net of allowance for uncollectibles \$5,270)	1,506	1,819	8,088	11,423
Accrued interest receivable	98	-	313	411
Restricted assets:				
Cash	45,773	-	28,381	74,154
Total current assets	<u>49,251</u>	<u>2,468</u>	<u>90,074</u>	<u>141,793</u>
Fixed Assets				
Utility plant and equipment (net)	1,185,388	158,281	313,973	1,657,642
Total Assets	<u>1,195,341</u>	<u>160,736</u>	<u>414,047</u>	<u>1,770,124</u>
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	1,968	11,626	2,743	17,337
Payable from restricted assets				
Customer deposits	-	-	28,381	28,381
Accrued interest	11,628	-	-	11,628
Current portion of bonds payable	9,800	-	-	9,800
Total current liabilities	<u>13,396</u>	<u>11,626</u>	<u>31,124</u>	<u>56,146</u>
Other Liabilities				
Revenue bonds payable	273,698	-	-	273,698
Total Liabilities	<u>287,094</u>	<u>11,626</u>	<u>31,124</u>	<u>329,844</u>
Fund Equity				
Contributed capital	1,141,717	254,467	711,869	2,108,053
Retained Earnings:				
Reserved for debt service	45,799	-	-	45,799
Reserved for contingencies	7,578	-	-	7,578
Unreserved (deficit)	(311,337)	(87,113)	(313,243)	(691,693)
Total retained earnings and fund equity	<u>882,757</u>	<u>167,354</u>	<u>398,626</u>	<u>1,448,737</u>
Total Liabilities and Fund Equity	<u>\$ 1,169,851</u>	<u>\$ 168,980</u>	<u>\$ 410,750</u>	<u>\$ 1,749,581</u>

The following notes are an integral part of these financial statements.

VILLAGE OF SIXTLY ISLAND, LOUISIANA
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUE AND EXPENSES AND
CHANGES IN RETAINED EARNINGS
For the Year Ended June 30, 2005

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
Operating Revenue				
Charges for services	\$ 41,798	\$ 109,931	\$ 83,382	\$ 335,111
Operating Expenses				
Personal services	11,808	11,808	41,681	65,307
Natural gas purchases	-	76,520	-	76,520
Materials and supplies	4,171	18	15,898	20,107
Repairs and maintenance	2,682	-	9,834	12,516
Utilities and telephone	9,151	-	8,747	17,898
Insurance	-	1,303	13,913	15,216
Depreciation	28,776	11,868	29,134	69,778
Other operating expense	3,666	3,379	34,517	41,562
Total operating expenses	62,074	133,194	143,247	298,515
Net income (loss) from operations	(20,276)	(23,263)	(59,865)	(103,344)
Non-Operating Revenue (Expense)				
Interest income	1,514	-	1,318	2,832
Interest expense	(14,093)	-	-	(14,093)
Net non-operated revenue (expense)	(12,579)	-	2,636	(9,943)
Net (loss) before transfers	(32,855)	(23,263)	(57,229)	(113,347)
Transfers in (out)	3,586	(11,869)	(3,100)	(21,393)
Net (loss)	(29,269)	(35,132)	(60,335)	(124,736)
Retained earnings, beginning of year (deficit)	(29,682)	(41,960)	(65,473)	(137,115)
Retained earnings, end of year (deficit)	\$ (58,951)	\$ (77,092)	\$ (125,808)	\$ (261,841)

The following notes are an integral part of these financial statements.

VILLAGE OF SHILLY ISLAND, LOUISIANA
ENTERPRISE FUND
COMBINING STATEMENT CASH FLOWS
For the Year Ended June 30, 2003

	Sewer Revenue Fund	Gas Revenue Fund	Water Revenue Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 41,906	\$ 101,530	\$ 31,830	\$ 175,266
Cash paid employees	(12,056)	(11,836)	(11,891)	(35,783)
Cash paid to suppliers	(21,699)	(47,598)	(79,833)	(149,130)
Net cash provided by operating activities	<u>8,151</u>	<u>22,094</u>	<u>(59,894)</u>	<u>1,221</u>
Cash flows from noncapital financing activities				
Operating transfers (to) from other funds	2,589	(21,954)	(7,181)	(26,546)
Increase in consumer deposits	<u>-</u>	<u>-</u>	<u>1,481</u>	<u>1,481</u>
Net cash provided by noncapital financing activities	<u>2,589</u>	<u>(21,954)</u>	<u>(5,698)</u>	<u>(24,853)</u>
Cash flows from financing activities				
Principal paid on revenue bonds	(9,088)	-	-	(9,088)
Interest paid on revenue bonds	(14,588)	-	-	(14,588)
Net cash used by financing activities	<u>(23,676)</u>	<u>-</u>	<u>-</u>	<u>(23,676)</u>
Cash flows from investing activities				
Interest received	<u>1,493</u>	<u>-</u>	<u>2,389</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(9,652)	528	(33,204)	(42,328)
Cash and cash equivalents—beginning of year	<u>48,984</u>	<u>128</u>	<u>(21,977)</u>	<u>27,135</u>
Cash and cash equivalents—end of year	<u>39,332</u>	<u>656</u>	<u>(55,181)</u>	<u>(15,173)</u>
Reconciliation of operating income to net cash				
Operating (loss)	(20,894)	(2,172)	(58,598)	(81,664)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	29,174	11,418	28,136	68,728
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	124	1,408	(1,447)	285
Increase in accounts payable	<u>371</u>	<u>(2,156)</u>	<u>1,117</u>	<u>(1,728)</u>
Net cash provided by operating activities	<u>8,151</u>	<u>22,094</u>	<u>(59,894)</u>	<u>1,221</u>

The following notes are an integral part of these financial statements.

VILLAGE OF SHELBY ISLAND, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2003

COMPENSATION PAID ALDERMEN

The schedule of compensation paid to aldermen is presented in compliance with House concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the Legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 32:405 (C), the aldermen have passed an ordinance that sets their compensation at \$854 per month.

VILLAGE OF SICILY ISLAND, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMEN
For the Year Ended June 30, 2003

Ms. Emma Hillard	\$ 6,644
Mr. Derrick Frazier	3,322
Mr. Tim Ford	6,644
Ms. Gloria Anderson	<u>3,322</u>
	<u>\$ 19,932</u>

SECTION III – COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

POST OFFICE BOX 478
FREDERICK, LOUISIANA 71224

CONOR R. LUTHERAL, CPA
is now an independent CPA
DEAN L. BARNES, CPA

JOHN H. BARNES, CPA FRM - FRM

SWITZER, HOPKINS & MANGE, CPAs
FREDERICK & BARNES, CPAs
FREDERICK & BARNES, CPAs
FREDERICK & BARNES, CPAs
OFFICE IN FREDERICK, LOUISIANA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Art Goode, Mayor
and Members of the Board of Aldermen
Sicily Island, Louisiana

We have audited the general purpose financial statements of Village of Sicily Island, Louisiana as of and for the year ended June 30, 2003, and have issued our report thereon dated September 29, 2003. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Village of Sicily Island, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 1913-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Sicily Island, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted certain matters involving the internal control

over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Sicily Island, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 3400-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the audit committee, management, others within the organization, Town Council and Federal Awarding Agencies and Pass-through Entities and is not intended to be and should not be used by anyone other than these specified parties.

Ferryday, Louisiana
September 28, 2003

Switzger Hopkins & Marge

**SECTION IV – SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

VILLAGE OF SICILY ISLAND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1985

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.
2. One instance of noncompliance with certain laws and regulations of the Village of Sicily Island, Louisiana was disclosed during the audit.
3. Two reportable conditions were disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Findings - Financial Statements Audit

FINDING 1985-1 - FILING OF FORMS 1099

We noted that the Village of Sicily Island did not file forms 1099 for year 1983. Forms 1099 are required for payments to persons receiving over \$600 in a calendar year. The Village had at least five individuals receiving up to \$5,000 during the year who did not receive a 1099 for those payments.

We recommend that the Village of Sicily Island comply with all laws concerning the filing of Forms 1099 in the future.

The response of the Village of Sicily Island is attached.

FINDING 1985-2 SEGREGATION OF DUTIES

The Village of Sicily Island does not have adequate segregation of duties in the Town Hall. At present time the same person records and handles almost all financial transactions including receiving cash, making deposits, paying invoices and maintaining records. An improvement in internal control would include having more personnel involved in financial transactions.

We recommend that the Village attempt to segregate duties by adding personnel to the accounting department.

The response of the Village of Sicily Island is attached.

VILLAGE OF SIXTLY ISLAND, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012

Findings – Financial Statement Audit

FINDING 2002-1 LATE PENALTIES ON LATE PAYMENT OF OCCUPATION LICENSES

The Village of Sixtly Island is not charging late penalties for those persons purchasing occupational licenses after the due date. Penalties should be charged to encourage persons to purchase timely and generate more revenues for the Village.

This finding has been corrected.

FINDING 2001-2 SEGREGATION OF DUTIES

The Village of Sixtly Island does not have adequate segregation of duties in the Town Hall. At present time the same person records and handles almost all financial transactions including receiving cash, making deposits, paying invoices and maintaining records. An improvement in internal control would include having more personnel involved in financial transactions.

This finding continues in the current year and is reported as finding 2002-2.

FINDING 2002-3 RECONCILEMENT OF ACCOUNTS RECEIVABLE

The Village of Sixtly Island does not reconcile its accounts receivable of utility fees from the subsidiary ledger to the general ledger. Items such as meter readings corrections, input errors and other adjustments were not always booked on the general ledger, but are included in the subsidiary ledger.

This finding has been corrected.

FINDING 2002-4 ANNUIT REPORT NOT TIMELY SUBMITTED TO LEGISLATIVE AUDITOR

The Village of Sixtly Island's annual audit report was not complete with the six-month period as required by law.

This finding has been corrected.

SECTION V – MANAGEMENT LETTER

SWITZER, HOPKINS & MANGE

Certified Public Accountants

POST OFFICE BOX 408
FERREDAVE, LOUISIANA 71224

ROBERT L. SWITZER, CPA
A CERTIFIED PUBLIC ACCOUNTANT
SINCE 1984

MEMBER, AICPA, CPA, IRS - REG.

THE HONORABLE CLAYTON K. BENT
PRESIDENT, LOUISIANA STATE
TREASURER, LOUISIANA STATE
SINCE 1984

MEMBER, AICPA, CPA, IRS - REG.

September 29, 2003

Honorable Art Goode, Mayor
and Members of the Board of Aldermen
Sicily Island, Louisiana

In planning and performing our audit of the primary government financial statements of the Village of Sicily Island as of and for the year ended June 30, 2003, we considered the Village of Sicily Island's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the primary government financial statements, and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding these matters. This letter does not affect our report dated September 29, 2003 on primary government financial statements of the Village of Sicily Island.

FINDING ONE-1 - FILING OF INVOICES AND OTHER DOCUMENTS

We noted that the Village of Sicily Island did not file important documents in the past year on an orderly manner. We found general ledgers for certain months filed under the name of the firm preparing the general ledger instead of in their proper binders. We could not locate certain bank statements and had to have them reproduced by the bank as they could be audited. Certain billing registers could not be located and we had to resort to other sources. Documents pertaining from five to ten years old were filed in with current invoices, etc. In general, the filing system was not functional or up to standard making it very difficult to find current items.

We recommend that the Village develop a filing system that allows current documents to be found in a short period of time. We also recommend that the Village destroy old documents that are no longer needed such as cancelled invoices and bank statements. We have provided the Clerk with information as to the retention of documents.

Honorable Art Goode, Mayor
and Members of the Board of Aldermen
Page Two

FINDING 2003 - 4 - ACCOUNTING

During the past several years the auditor has written up the general ledger for the Village of Sicily Island. Due to the changes in the independence rules, the auditor can no longer compile the general ledgers for an audit client. We have discussed this problem with the Village during the past year on several occasions. We noted that as of this date the Village has made very little progress in maintaining its own general ledgers. We are of the opinion that the Village should hire someone outside of the City Hall to maintain the general ledgers because the Village has no full employees. Internal control would be stronger if the City Clerk did not maintain the general ledgers as well as write checks, reconcile bank statements and do other accounting functions.

We recommend the Village of Sicily Island contract with someone outside City Hall to maintain its general ledgers and reconcile its bank statements as of July 1, 2003.

We would be pleased to discuss the above matters or respond to any questions at your convenience.

Sincerely,

Switzer, Hopkins & Mang

VI - RESPONSE

November 13, 2003

Legislative Audit Advisory Council
State of Louisiana
P.O. Box 94897
Baton Rouge, La. 70804-9897

Dear Sir:

In regard to the findings of the audit for the year ended June 30, 2003, we have the following response:

Finding 2003-1: Filing of forms 1099

In the past the Village has failed to file a 1099. We have a new clerk and she is aware that a 1099 has to be filed and it will be done this year.

Finding 2003-2 - Segregation of duties

We do not plan to make any improvements in this area because of lack of funds and the limited personnel that we employ

Finding 2003-3: Filing of invoices

We have had changes in the office and the new clerk did not know where a lot of things where at the time of the audit. The new clerk and the other ladies in the office are working on getting the out of date invoices and getting a filing system going so that will not happen again.

Finding 2003-4 - Accounting

The Village has bought Quick books this year and is planning to use the general ledger on Quick books. Switzer, Hopkins & Marge will be doing the books for the Village.

The Village apologizes for the inconvenience we may have caused. The Village assures you that we will do our best to comply with all the matters contained in the internal control and compliance report.

Sincerely,
Arto Goode
Mayor